

A bill for an act
relating to employment; regulating minimum wage for tipped employees;
amending Minnesota Statutes 2008, section 177.24, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 177.24, subdivision 1, is amended to read:

Subdivision 1. **Amount.** (a) For purposes of this subdivision, the terms defined in this paragraph have the meanings given them.

(1) "Large employer" means an enterprise whose annual gross volume of sales made or business done is not less than \$625,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(2) "Small employer" means an enterprise whose annual gross volume of sales made or business done is less than \$625,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections 177.21 to 177.35.

(b) Except as otherwise provided in sections 177.21 to 177.35, every large employer must pay each employee wages at a rate of at least \$5.15 an hour beginning September 1, 1997, and at a rate of at least \$6.15 an hour beginning August 1, 2005. Every small employer must pay each employee at a rate of at least \$4.90 an hour beginning January 1, 1998, and at a rate of at least \$5.25 an hour beginning August 1, 2005.

(c) Notwithstanding paragraph (b), during the first 90 consecutive days of employment, an employer may pay an employee under the age of 20 years a wage of \$4.90 an hour. No employer may take any action to displace any employee, including a partial

2.1 displacement through a reduction in hours, wages, or employment benefits, in order to
2.2 hire an employee at the wage authorized in this paragraph.

2.3 (d) Notwithstanding paragraph (b) and subdivision 2, every large employer must pay
2.4 a tipped employee at a rate of the greater of: (1) at least \$6.55 per hour; or (2) at least
2.5 \$7.25 an hour if the tipped employee does not earn sufficient tips during the employee's
2.6 pay period so that the sum of \$6.55 per hour and tips received is at least \$12 per hour for
2.7 the pay period. This paragraph expires July 24, 2011.

2.8 **EFFECTIVE DATE.** This section is effective July 24, 2009.